

**TOWN OF IOWA, LOUISIANA  
ANNUAL FINANCIAL REPORT  
JUNE 30, 2012**

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TOWN OF IOWA, LOUISIANA

ANNUAL FINANCIAL REPORT  
Year Ended June 30, 2012

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TOWN OF IOWA, LOUISIANA

June 30, 2012

**MAYOR**

The Honorable Carol Ponthieux

**TOWN COUNCIL**

Mr. Gerald Guidry  
Ms. Jeannie Guillotte  
Mr. Larry Hardy

Mr. Erroll Marshall  
Mr. Thomas Talbot

**LEGAL COUNSEL**

Mr. Eugene Bouquet

**TOWN CLERK**

Ms. Sandra Turley

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# McELROY, QUIRK & BURCH

A Professional Corporation • Certified Public Accountants • Since 1925  
800 Kirby Street • P.O. Box 3070 • Lake Charles, LA 70602-3070  
337 433-1063 • Fax 337 436-6618 • Web page: www.mqb-cpa.com

04368.000 Audit 6/30/2012 1100.001 financial report

Robert M. Gani, CPA, MT  
Mollie C. Broussard, CPA  
Jason L. Guillory, CPA  
Greg P. Naquin, CPA, CFP™  
Billy D. Fisher, CPA  
Joe G. Peshoff, II, CPA, CVA  
David M. DesOrmeaux, CPA

Michael N. McGee, CPA  
Paula J. Thompson, CPA  
Robin Anderson Conrad, CPA



Judson J. McCann, Jr., CPA, Retired  
Martin L. Chehortsy, CPA, CFE, CFFSM  
Carl W. Comeaux, CPA, Retired

CFE - Certified Fraud Examiner  
CFF - Certified Financial Forensics  
MT - Masters of Taxation  
CVA - Certified Valuation Analyst  
CFP - Certified Financial Planner

## REPORT OF INDEPENDENT AUDITORS

Honorable Mayor and Town Council  
Town of Iowa  
Iowa, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Iowa, Louisiana as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Iowa, Louisiana as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and the major special revenue funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2012, on our consideration of the Town of Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Town of Iowa, Louisiana has not prepared management's discussion and analysis that the accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Iowa's financial statements as a whole. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Iowa's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Ms Elroy Quirk & Burch*

Lake Charles, Louisiana  
December 6, 2012

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## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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## TOWN OF IOWA, LOUISIANA

GOVERNMENT-WIDE  
STATEMENT OF NET ASSETS  
June 30, 2012

<u>ASSETS</u>	Governmental Activities	Business Type Activities	Total
Cash and cash equivalents	\$ 5,144,290	\$ 222,840	\$ 5,367,130
Certificates of deposit	170,158	-	170,158
Investments	38,064	330,635	368,699
Receivables (net, where applicable, of allowance for uncollectibles):			
Taxes	6,258	-	6,258
Accounts	80,972	86,185	167,157
Intergovernmental	10,725	-	10,725
Internal balance	(39,134)	39,134	-
Prepaid expenses	-	12,013	12,013
Deposits	-	100	100
Restricted assets:			
Customers' deposits-cash	-	80,761	80,761
Construction deposit	5,000	-	5,000
Capital assets:			
Land, improvements and construction in progress	134,670	4,002	138,672
Other capital assets, net of depreciation	2,207,032	2,528,256	4,735,288
Total assets	<u>7,758,035</u>	<u>3,303,926</u>	<u>11,061,961</u>
<u>LIABILITIES</u>			
Accounts payable	23,259	1,661	24,920
Other payables	61,565	3,267	64,832
Payable from restricted assets:			
Customer deposits	-	80,761	80,761
Construction deposit payable	5,000	-	5,000
Noncurrent liabilities:			
Due within one year	10,491	-	10,491
Due in more than one year	23,108	-	23,108
Total liabilities	<u>123,423</u>	<u>85,689</u>	<u>209,112</u>
<u>NET ASSETS</u>			
Investment in capital assets, net of related debt	2,308,103	2,532,258	4,840,361
Restricted for:			
Special revenue	4,385,282	-	4,385,282
Capital projects	60	-	60
Unrestricted	<u>941,167</u>	<u>685,979</u>	<u>1,627,146</u>
Total net assets	<u>\$ 7,634,612</u>	<u>\$ 3,218,237</u>	<u>\$ 10,852,849</u>

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA

GOVERNMENT-WIDE  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Government activities:				
General government	\$ 486,101	\$ 181,787	\$ 352,862	\$ -
Public safety	1,155,834	415,101	32,919	-
Highway and streets	342,949	-	-	-
Culture and recreation	231,732	-	4,000	-
Drainage	30,160	-	-	-
Total governmental activities	<u>2,246,776</u>	<u>596,888</u>	<u>389,781</u>	<u>-</u>
Business-type activities:				
Water utility	405,528	285,096	-	-
Sanitation	788,560	563,430	9,202	-
Total business-type activities	<u>1,194,088</u>	<u>848,526</u>	<u>9,202</u>	<u>-</u>
Total government	<u>\$ 3,440,864</u>	<u>\$ 1,445,414</u>	<u>\$ 383,138</u>	<u>\$ -</u>
General revenues:				
Ad valorem taxes				
Sales taxes				
Franchise taxes				
Gaming taxes				
Other taxes				
Intergovernmental				
Interest earned				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets at beginning of year				
Net assets at end of year				

See accompanying notes to financial statements

Net (Expenses) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
\$ 48,548	\$ -	\$ 48,548
(707,814)	-	(707,814)
(342,949)	-	(342,949)
(227,732)	-	(227,732)
(30,160)	-	(30,160)
<u>(1,260,107)</u>	<u>-</u>	<u>(1,260,107)</u>
-	(120,432)	(120,432)
-	(215,928)	(215,928)
-	(336,360)	(336,360)
<u>\$ (1,260,107)</u>	<u>\$ (336,360)</u>	<u>\$ (1,596,467)</u>
\$ 158,359	\$ -	\$ 158,359
1,319,049	-	1,319,049
180,540	-	180,540
98,271	-	98,271
9,995	-	9,995
8,526	-	8,526
14,746	1,229	15,975
133,063	1,300	134,363
(367,918)	367,918	-
<u>1,554,631</u>	<u>370,447</u>	<u>1,925,078</u>
294,524	34,087	328,611
<u>7,340,088</u>	<u>3,184,150</u>	<u>10,524,238</u>
<u>\$ 7,634,612</u>	<u>\$ 3,218,237</u>	<u>\$ 10,852,849</u>

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## **FUND FINANCIAL STATEMENTS**

TOWN OF IOWA, LOUISIANA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2012

<u>ASSETS</u>	<u>General</u>	<u>Water Improvements</u>	<u>Streets II</u>
Cash	\$ 1,079,234	\$ 2,252,577	\$ 746,873
Certificate of deposit	-	-	-
Investments	16,952	10,953	10,059
Receivables (net, where applicable, of allowance for uncollectibles):			
Taxes	1,681	-	-
Accounts	80,631	-	341
Intergovernmental	-	-	-
Due from other funds	-	70,229	44,769
Restricted assets:			
Construction deposit	5,000	-	-
Total assets	<u>\$ 1,183,948</u>	<u>\$ 2,333,759</u>	<u>\$ 802,042</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts payable	\$ 22,803	\$ -	\$ -
Other payables	60,500	-	-
Payable from restricted assets:			
Construction deposit payable	5,000	-	-
Due to other funds	154,028	-	-
Total liabilities	<u>242,331</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted for:			
Water improvements	-	2,333,759	-
Streets	-	-	802,042
Flood control, economic development and capital improvements to City Hall	-	-	-
Parks and streets	-	-	-
Police drug enforcement	-	-	-
Fire protection	-	-	-
Sewer projects	-	-	-
Unassigned	941,167	-	-
Total fund balances	<u>941,167</u>	<u>2,333,759</u>	<u>802,042</u>
Total liabilities and fund balances	<u>\$ 1,183,948</u>	<u>\$ 2,333,759</u>	<u>\$ 802,042</u>

Amounts reported for governmental activities in the statement of net assets is different because:

Total fund balance - total governmental funds

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds

Total net assets - governmental activities

See accompanying notes to financial statements

Sales Tax III	Non-Major Governmental Funds	Total Governmental Funds
\$ 631,399	\$ 434,207	\$ 5,144,290
-	170,158	170,158
100	-	38,064
-	4,577	6,258
-	-	80,972
-	10,725	10,725
-	-	114,998
-	-	5,000
<u>\$ 631,499</u>	<u>\$ 619,667</u>	<u>\$ 5,570,465</u>

\$ -	\$ 456	\$ 23,259
-	1,065	61,565
-	-	5,000
<u>22</u>	<u>82</u>	<u>154,132</u>
<u>22</u>	<u>1,603</u>	<u>243,956</u>

-	-	2,333,759
-	-	802,042
631,477	-	631,477
-	126,170	126,170
-	8,712	8,712
-	483,122	483,122
-	60	60
-	-	941,167
<u>631,477</u>	<u>618,064</u>	<u>5,326,509</u>
<u>\$ 631,499</u>	<u>\$ 619,667</u>	<u>\$ 5,570,465</u>

\$ 5,326,509

2,341,702

(33,599)

\$ 7,634,612

TOWN OF IOWA, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2012

		Special Revenue	
		Water	
	General	Improvements	Streets II
Revenues:			
Tax revenue	\$ 534,170	\$ 422,096	\$ 342,953
Licenses and permits	150,151	-	-
Intergovernmental	198,669	-	-
Charges for services	15,077	-	-
Fines and forfeits	410,758	-	-
Interest earned	2,227	5,444	892
Fire insurance	-	-	-
Grants	18,695	64,663	-
Miscellaneous	57,590	-	75,245
Total revenues	<u>1,387,337</u>	<u>492,203</u>	<u>419,090</u>
Expenditures:			
Current:			
General government	399,942	-	3,750
Public safety	1,112,494	-	-
Highways and streets	30,453	-	315,591
Culture and recreation	-	-	-
Fire protection district	-	-	-
Other services and charges	-	42,227	-
Total expenditures	<u>1,542,889</u>	<u>42,227</u>	<u>319,341</u>
Excess (deficiency) of revenues over expenditures	<u>(155,552)</u>	<u>449,976</u>	<u>99,749</u>
Other financing sources (uses):			
Operating transfers in	147,163	-	70,452
Operating transfers out	(70,452)	(253,055)	(15,807)
Total other financing sources (uses)	<u>76,711</u>	<u>(253,055)</u>	<u>54,645</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(78,841)</u>	<u>196,921</u>	<u>154,394</u>
Fund balance at beginning of year	<u>1,020,008</u>	<u>2,136,838</u>	<u>647,648</u>
Fund balance at end of year	<u>\$ 941,167</u>	<u>\$ 2,333,759</u>	<u>\$ 802,042</u>

See accompanying notes to financial statements

<u>Sales Tax III</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 263,810	\$ 203,187	\$ 1,766,216
-	-	150,151
-	4,343	203,012
-	-	15,077
-	-	410,758
3,283	2,902	14,748
-	10,725	10,725
-	122,115	205,473
-	227	133,062
<u>267,093</u>	<u>343,499</u>	<u>2,909,222</u>
24,205	1,284	429,181
-	-	1,112,494
-	-	346,044
122,282	103,712	225,994
-	25,084	25,084
3,284	-	45,511
<u>149,771</u>	<u>130,080</u>	<u>2,184,308</u>
<u>117,322</u>	<u>213,419</u>	<u>724,914</u>
-	2,000	219,615
(50,000)	(198,219)	(587,533)
(50,000)	(196,219)	(367,918)
67,322	17,200	356,996
<u>564,155</u>	<u>600,864</u>	<u>4,969,513</u>
<u>\$ 631,477</u>	<u>\$ 618,064</u>	<u>\$ 5,326,509</u>

TOWN OF IOWA, LOUISIANA

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2012

Amounts reported for governmental activities in the  
statement of activities different because:

Net change in fund balance - total governmental funds \$ 338,151

Governmental funds report capital outlays as expenditures.

However, in the statement of activities the costs of  
those assets is allocated over their estimated useful  
lives and reported as depreciation expense. This is  
the amount by which capital outlays exceeded depreciation  
in the current period.

(63,412)

The issuance of long-term debt provides current financial  
resources to governmental funds, while the repayment of  
the principal of long-term debt consumes the current  
financial resources of governmental funds. Neither  
transaction, however, has any effect on net assets.  
This amount is the net effect of these differences in  
the treatment of long-term debt and related items.

940

Change in net assets of governmental activities

\$ 275,679

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA  
GENERAL FUND

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
Year Ended June 30, 2012

	Budgeted Amounts			Variance With Final Budget Positive (Unfavorable)
	Original	Final	Actual	
Revenues:				
Tax revenue	\$ 511,632	\$ 549,000	\$ 534,170	\$ (14,830)
Licenses and permits	131,000	146,000	150,151	4,151
Intergovernmental	200,143	200,143	198,669	(1,474)
Charges for services	18,495	18,495	15,077	(3,418)
Fines and forfeits	415,000	415,000	410,758	(4,242)
Interest earned	2,500	2,500	2,227	(273)
Grants received	30,000	30,000	18,695	(11,305)
Miscellaneous	13,200	11,550	57,590	46,040
Total revenues	<u>1,321,970</u>	<u>1,372,688</u>	<u>1,387,337</u>	<u>14,649</u>
Expenditures:				
Current:				
General government	379,442	375,650	399,942	(24,292)
Public safety	961,743	1,081,168	1,112,494	(31,326)
Highways and streets	27,900	30,600	30,453	147
Total expenditures	<u>1,369,085</u>	<u>1,487,418</u>	<u>1,542,889</u>	<u>(55,471)</u>
Excess (deficiency) of revenues over expenditures	(47,115)	(114,730)	(155,552)	(40,822)
Other financing sources (uses):				
Operating transfers in (out)	<u>69,588</u>	<u>78,711</u>	<u>76,711</u>	<u>(2,000)</u>
Excess (deficiency) of revenue and other financing sources over expenditures and other uses	22,473	(36,019)	(78,841)	(42,822)
Fund balance at beginning of year	<u>1,020,008</u>	<u>1,020,008</u>	<u>1,020,008</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,042,481</u>	<u>\$ 983,989</u>	<u>\$ 941,167</u>	<u>\$ (42,822)</u>

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA  
SALES TAX - WATER IMPROVEMENTS

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
Year Ended June 30, 2012

	Budgeted Amounts			Variance With Final Budget Positive (Unfavorable)
	Original	Final	Actual	
Revenues:				
Tax revenue	\$ 399,388	\$ 424,027	\$ 422,096	\$ (1,931)
Interest earned	3,600	3,600	5,444	1,844
Miscellaneous/grants	200,000	65,000	64,663	(337)
Total revenues	<u>602,988</u>	<u>492,627</u>	<u>492,203</u>	<u>(424)</u>
Expenditures:				
Current:				
Other services and charges	49,400	49,400	42,227	7,173
Capital outlay	220,000	120,000	-	120,000
Total expenditures	<u>269,400</u>	<u>169,400</u>	<u>42,227</u>	<u>127,173</u>
Excess (deficiency) of revenues over expenditures	333,588	323,227	449,976	126,749
Other financing sources (uses):				
Operating transfers out	<u>(113,000)</u>	<u>(131,122)</u>	<u>(253,055)</u>	<u>(121,933)</u>
Excess (deficiency) of revenue and other financing sources over expenditures and other uses	220,588	192,105	196,921	4,816
Fund balance at beginning of year	<u>2,136,838</u>	<u>2,136,838</u>	<u>2,136,838</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,357,426</u>	<u>\$ 2,328,943</u>	<u>\$ 2,333,759</u>	<u>\$ 4,816</u>

See accompanying notes to financial statements



TOWN OF IOWA, LOUISIANA  
SALES TAX II - STREETS

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
Year Ended June 30, 2012

	Budgeted Amounts			Variance With Final Budget Positive (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Tax revenue	\$ 324,502	\$ 347,140	\$ 342,953	\$ (4,187)
Interest earned	700	700	892	192
Miscellaneous	-	-	75,245	75,245
Total revenues	<u>325,202</u>	<u>347,840</u>	<u>419,090</u>	<u>71,250</u>
Expenditures:				
Current:				
General government	11,954	11,954	3,750	8,204
Highways and streets	<u>383,700</u>	<u>406,338</u>	<u>315,591</u>	<u>90,747</u>
Total expenditures	<u>395,654</u>	<u>418,292</u>	<u>319,341</u>	<u>98,951</u>
Excess (deficiency) of revenues over expenditures	(70,452)	(70,452)	99,749	170,201
Other financing sources (uses):				
Operating transfers in (out)	<u>70,452</u>	<u>70,452</u>	<u>54,645</u>	<u>(15,807)</u>
Excess (deficiency) of revenue and other financing sources over expenditures and other uses	-	-	154,394	154,394
Fund balance at beginning of year	<u>647,648</u>	<u>647,648</u>	<u>647,648</u>	<u>-</u>
Fund balance at end of year	<u>\$ 647,648</u>	<u>\$ 647,648</u>	<u>\$ 802,042</u>	<u>\$ 154,394</u>

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA  
SALES TAX III

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
Year Ended June 30, 2012

	Budgeted Amounts			Variance With Final Budget Positive (Unfavorable)
	Original	Final	Actual	
Revenues:				
Tax revenue	\$ 249,617	\$ 260,767	\$ 263,810	\$ 3,043
Interest earned	6,000	6,000	3,283	(2,717)
Grants received	16,000	-	-	-
Total revenues	<u>271,617</u>	<u>266,767</u>	<u>267,093</u>	<u>326</u>
Expenditures:				
Current:				
General government	17,500	17,500	24,205	(6,705)
Culture and recreation	125,000	125,000	122,282	2,718
Drainage	175,000	5,000	-	5,000
Other services and charges	3,300	3,300	3,284	16
Total expenditures	<u>320,800</u>	<u>150,800</u>	<u>149,771</u>	<u>1,029</u>
Excess (deficiency) of revenues over expenditures	(49,183)	115,967	117,322	1,355
Other financing sources (uses):				
Operating transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Excess (deficiency) of revenue and other financing sources over expenditures and other uses	(99,183)	65,967	67,322	1,355
Fund balance at beginning of year	<u>564,155</u>	<u>564,155</u>	<u>564,155</u>	<u>-</u>
Fund balance at end of year	<u>\$ 464,972</u>	<u>\$ 630,122</u>	<u>\$ 631,477</u>	<u>\$ 1,355</u>

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA  
PROPRIETARY FUND - UTILITY ENTERPRISE FUND

STATEMENT OF NET ASSETS  
June 30, 2012

ASSETS

Cash and cash equivalents	\$ 222,840
Investments	330,635
Receivables (net, where applicable, of allowance for uncollectibles):	
Accounts	86,185
Due from other funds	39,134
Prepaid expenses	12,013
Deposits	100
Restricted assets:	
Customers' deposits-cash	80,761
Capital assets:	
Land, improvements and construction in progress	4,002
Other capital assets, net of depreciation	<u>2,528,256</u>
Total assets	<u>3,303,926</u>

LIABILITIES

Accounts payable	1,661
Other payables	3,267
Payable from restricted assets:	
Customer deposits	<u>80,761</u>
Total liabilities	<u>85,689</u>

NET ASSETS

Investment in capital assets, net of related debt	2,532,258
Unrestricted	<u>685,979</u>
Total net assets	<u>\$ 3,218,237</u>

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA  
PROPRIETARY FUND - UTILITY ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS  
Year Ended June 30, 2012

Operating revenues:	
Charges for services	\$ 848,526
Operating expenses:	
Salaries	172,133
Insurance	65,914
Repairs, maintenance and supplies	175,946
Utilities	67,124
Other services and charges	410,284
Depreciation	302,687
Total operating expenses	<u>1,194,088</u>
Operating (loss)	<u>(345,562)</u>
Nonoperating revenues (expenses):	
Interest earned	1,229
Miscellaneous	10,502
Total nonoperating expenses	<u>11,731</u>
(Loss) before transfers	(333,831)
Operating transfers in	<u>367,918</u>
Change in net assets	34,087
Net assets at beginning of year	<u>3,184,150</u>
Net assets at end of year	<u>\$ 3,218,237</u>

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA  
PROPRIETARY FUND - UTILITY ENTERPRISE FUND

STATEMENT OF CASH FLOWS  
Year Ended June 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 858,799
Cash payments to suppliers for goods and services	(713,036)
Cash payments to employees for services	(172,133)
Net cash provided by operating activities	<u>(26,370)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating transfer from other funds (net)	367,918
Interfund payable (decrease)	(15,632)
Net cash provided by noncapital financing activities	<u>352,286</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Miscellaneous proceeds received	10,502
Acquisition of fixed assets	(268,408)
Net cash (used in) capital and related financing activities	<u>(257,906)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts of interest	1,229
Purchase of investments	(409)
Net cash provided by investing activities	<u>820</u>
Net increase in cash and cash equivalents	68,830
Cash and cash equivalents:	
Beginning of year	<u>234,771</u>
End of year	<u>\$ 303,601</u>
Cash and cash equivalents at end of year consisted of:	
Unrestricted cash	\$ 222,840
Restricted cash	<u>80,761</u>
	<u>\$ 303,601</u>

(continued on next page)

TOWN OF IOWA, LOUISIANA  
PROPRIETARY FUND - UTILITY ENTERPRISE FUND

STATEMENT OF CASH FLOWS  
Year Ended June 30, 2012

RECONCILIATION OF OPERATING (LOSS) TO NET CASH

PROVIDED BY OPERATING ACTIVITIES

Operating (loss) \$ (345,562)

Adjustments to reconcile operating (loss) to net cash  
provided by operating activities:

Depreciation 302,687

Changes in assets and liabilities:

Decrease in accounts receivable and other receivables 1,036

Decrease in prepaid expenses 4,573

Increase in accounts payable and other payables 1,659

Increase in customer deposits 9,237

Net cash (used in) operating activities \$ (26,370)

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

Note 1. Summary of Significant Accounting Policies

The Town of Iowa, Louisiana was incorporated June 26, 1952, under the provisions of the Lawrason Act. The Town operates under a Mayor-Town Council form of government.

The accounting and reporting policies of the Town of Iowa, Louisiana conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guidance set forth in the *Louisiana Municipal Audit and Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

The Governmental Accounting Standards Board (GASB) Statement Number 20 (effective for financial statements for periods beginning after December 15, 1993) provides guidance on accounting and financial reporting for proprietary fund types and allows proprietary fund types to choose one of two options in applying pronouncements issued by the Financial Accounting Standards Board (FASB) after November 30, 1989. The Town of Iowa has elected to use the first option for reporting its activities. This approach applies all GASB pronouncements and FASB statements and interpretations, Accounting Principles Board (APB) opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Changes to FASB statements and interpretations, APB opinions and ARBs issued after November 30, 1989, would not apply unless adopted by GASB.

The following is a summary of certain significant accounting policies.

A. Financial Reporting Entity

The accompanying financial statements include the various departments, activities, and organizational units that are within the control and authority of the Mayor and Town Council of the Town of Iowa, Louisiana. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Statement No. 14 of the Governmental Accounting Standards Board. This statement defines

the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Consistent with these criteria, the Town of Iowa, Louisiana has determined that the Fire Protection District No. 1 of Ward 8 of Calcasieu Parish is a component unit of the Town.

#### B. Basis of Presentation

##### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the primary government.

The Statement of Net Assets and the Statement of Activities report financial information for the Town as a whole so that individual funds are not displayed. However, the Statement of Activities reports the expense of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and (2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

##### FUND FINANCIAL STATEMENTS

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.



Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The various funds are grouped, in the financial statements in this report, into three broad fund categories as follows:

#### GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specified sources" establishes that one or more specific restricted or committed revenues shall be the foundation for a special revenue fund.

Capital Projects Funds - These funds account for and report financial resources that are restricted, committed, or assigned for capital acquisition or construction of capital facilities and other capital assets.

#### PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

#### C. Measurement Focus and Basis of Accounting

Measurement focus refers to which transactions are recorded within various financial statements. Basis of accounting refers to when revenues and expenditures (or expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for government funds. The primary effect of internal activity (between or within funds) has been eliminated from the government-wide financial statements.

In the fund financial statements, governmental funds are accounted for using a financial resources measurement focus whereby only current assets and current liabilities generally are included on the balance sheet and increases or decreases in net current assets are presented in the operating statements. These funds utilize the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Certain revenues such as sales tax, property tax, and charges for services are assessed and collected in such a manner that they can be accrued appropriately. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for principal and interest on general long-term debt which are recognized when due. Also, expenditures for accrued compensated absences are not recognized until they are payable from current available financial resources.

The proprietary fund, also in the fund financial statements, is accounted for and reported using a flow of economic resources measurement focus. This means that all assets and liabilities associated with the operation of these funds are included on the balance sheet. The operating statements for the proprietary fund present increases or decreases in net total assets.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### D. Budgets and Budgetary Accounting

The Mayor and Town Clerk prepare a proposed budget and submit same to the Town Council prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and the means of financing them.

A summary of the proposed budget is published, a public hearing is held, and the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is adopted.

Any revisions that alter total expenditures of any fund must be approved by the Councilmen. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds. All budgetary appropriations lapse at the end of each fiscal year.

Budgets for the General and Special Revenue Funds are adopted on a modified accrual basis of accounting. Budgeted amounts are as originally adopted, or as amended by the Town Council.

During the year ended June 30, 2012, budgeted amounts for revenues and other financing sources were decreased approximately \$32,732 and expenditures and other financing uses decreased approximately \$110,407. The major part of these changes is represented by decreases in grants and decreases in police and fire expenditures.

Encumbrance accounting is not used.

#### E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits and certificates of deposit. The Town considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Certificates of deposit are stated at cost. At June 30, 2012, the Town had no cash equivalents.

Louisiana State Statutes, as stipulated in R.S. 39:1271, authorize the Town to invest in United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at cost.

F. Bad Debts

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the receivable.

G. Interfund Activity

Interfund activity is reported as either loans, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

H. Capital Assets and Depreciation

The accounting and reporting treatment applied to capital assets associated with a fund are determined by their measurement focus. General capital assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. The minimum capitalization threshold is any individual item with a total cost greater than \$1,500.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Plant	10 to 33 years
Machinery and equipment	5 to 10 years
Furniture and fixtures	5 to 10 years

I. Accumulated Unpaid Sick Pay

Accumulated unpaid sick pay was not considered material at June 30, 2012 and is not reflected in these financial statements.

J. Property Taxes

Property taxes levied in any one year are recognized as revenues of that year.

Note 2. Cash, Cash Equivalents and Investments

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

In accordance with a fiscal agency agreement which is approved by the Town Council, the Town of Iowa maintains demand and time deposits through local depository banks which are members of the Federal Reserve System.

Deposits in excess of federally insured amounts are required by Louisiana state statute to be protected by collateral of equal market value. Authorized collateral includes general obligations of the U.S. government, obligations issued or guaranteed by an agency established by the U.S. government, general obligation bonds of any state of the U.S., or of any Louisiana parish, municipality, or school district. The Town's bank demand and time deposits at year end were not fully collateralized. See schedule of findings and questioned costs item 12-3.

The deposits at June 30, 2012 are as follows:

June 30, 2012	<u>Demand Deposits</u>
Carrying amount	<u>\$ 5,588,307</u>
Bank balances:	
a. Federally insured	\$ 1,488,123
b. Collateralized by securities held by the pledging financial institution	4,074,831
c. Uncollateralized and uninsured	<u>25,353</u>
Total bank balances	<u>\$ 5,588,307</u>

Investments held at June 30, 2012, consist of \$373,699 in the Louisiana Asset Management Pool Inc. (LAMP), a local government investment pool (see Summary of Significant Accounting Policies). Of this amount, \$5,000 was restricted for a construction deposit. LAMP is administered by LAMP Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Interest rate risk. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. State law limits investments to United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having a principal office in the State of Louisiana. Local governments in Louisiana are authorized to invest in LAMP. The Town has no investment policy that would further limit its investment choices. As of December 31, 2011, the Town's investment in LAMP was rated AAAM by Standard & Poor's.

Concentration of credit risk. The Town places no limit on the amount the Town may invest in any one issuer. All of the Town's investments are in LAMP.

As of June 30, 2012, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Certificates of deposit	\$ 170,158	\$ 170,158	\$ -	\$ -	\$ -
LAMP	373,699	373,699	-	-	-
	<u>\$ 543,857</u>	<u>\$ 543,857</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note 3. Individual Fund Transactions

Individual fund interfund receivables and payables are as follows:

	Receivables	Payables
General Fund	\$ -	\$ 154,028
Sales Tax Fund-Water Improvements	70,229	-
Sales Tax Fund-Streets and Parks	-	82
Sales Tax Fund-Streets II	44,769	-
Sales Tax Fund-Sales Tax III	-	22
Water Utility Fund	39,134	-
	<u>\$ 154,132</u>	<u>\$ 154,132</u>

Operating transfers:

	Transfers In	Transfers Out
General Fund:		
Streets II	\$ -	\$ 70,452
Sales Tax III	50,000	-
Fire Protection District	97,163	-
Total General Fund	<u>147,163</u>	<u>70,452</u>
Sales Tax Water Improvements		
Water Utility Fund	-	253,055
Streets II		
General Fund	70,452	-
LCDBG Sewer Project	-	2,000
Water Utility Fund	-	13,807
Total Streets II	<u>70,452</u>	<u>15,807</u>

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	<u>Transfers In</u>	<u>Transfers Out</u>
Sales Tax III		
General Fund	<u>-</u>	<u>50,000</u>
Water Utility Fund		
LCDBG Sewer Project	101,056	-
Sales Tax Water Improvements	253,055	-
Streets II	<u>13,807</u>	<u>-</u>
Total Water Utility Fund	<u>367,918</u>	<u>-</u>
Fire Protection District		
General Fund	<u>-</u>	<u>97,163</u>
LCDBG Sewer Project		
Water Utility Fund	-	101,056
Streets II	<u>2,000</u>	<u>-</u>
Total LCDBG	<u>2,000</u>	<u>101,056</u>
Grand totals	<u>\$ 587,533</u>	<u>\$ 587,533</u>

Note 4. Restricted Assets

Restricted assets were applicable to the following at June 30 2012:

General Fund:	
Construction deposit	\$ 5,000
Enterprise Fund:	
Customers deposits-water and sewer maintenance services	80,761



Note 5. Changes in Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Beginning of Year	Additions	Deletions	End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 134,670	\$ -	\$ -	\$ 134,670
Capital assets being depreciated:				
Buildings	1,911,307	-	-	1,911,307
Improvements other than buildings	124,767	33,800	-	158,567
Furniture and equipment	1,355,814	88,582	-	1,444,396
Vehicles	1,014,247	69,398	55,234	1,028,411
Infrastructure	1,047,316	63,134	-	1,110,450
Total capital assets being depreciated	5,453,451	254,914	55,234	5,653,131
Less accumulated depreciation for:				
Buildings	907,730	30,525	-	938,255
Improvements other than buildings	119,914	4,218	-	124,132
Furniture and equipment	980,986	113,586	-	1,094,572
Vehicles	672,707	76,739	55,234	694,212
Infrastructure	501,670	93,258	-	594,928
Total accumulated depreciation	3,183,007	318,326	55,234	3,446,099
Capital assets, being depreciated, net	2,270,444	(63,412)	-	2,207,032
Government activities capital assets, net	\$ 2,405,114	\$ (63,412)	\$ -	\$ 2,341,702

	Beginning of Year	Additions	Deletions	End of Year
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 4,002	\$ -	\$ -	\$ 4,002
Capital assets being depreciated:				
Plant and equipment	9,161,236	254,918	-	9,416,154
Machinery	213,310	13,490	-	226,800
Furniture and fixtures	6,360	-	-	6,360
Total capital assets being depreciated	9,380,906	268,408	-	9,649,314
Less accumulated depreciation for:				
Plant and equipment	6,612,981	295,628	-	6,908,609
Machinery	199,030	7,059	-	206,089
Furniture and fixtures	6,360	-	-	6,360
Total accumulated depreciation	6,818,371	302,687	-	7,121,058
Capital assets, being depreciated, net	2,562,535	(34,279)	-	2,528,256
Business-type activities capital assets, net	\$ 2,566,537	\$ (34,279)	\$ -	\$ 2,532,258

Depreciation expense was charged to governmental activities as follows:

General government	\$ 31,949
Public safety	111,581
Highway and streets	63,955
Culture and recreation	57,460
Drainage	53,381
Total depreciation	\$ 318,326

#### Note 6. Capital Leases

The Town has financing leases for equipment that qualify as capital leases. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets are amortized over the lower of their related lease terms or their estimated productive lives. Amortization of the assets under capital lease is included in depreciation expense for the year ended June 30, 2012.

The following is a summary of property held under capital lease at June 30, 2012:

Vehicles	\$ 46,168
Less accumulated amortization	<u>8,094</u>
	<u>\$ 38,073</u>

The following is a summary of long-term liability under capital lease at June 30, 2012:

Long-term lease payable to Ford Motor Credit at 6.60% of \$46,168, payable in annual installments of \$12,710 each, due August 22, 2014. Lease is secured by equipment under the lease.	\$ 33,599
Less current liability under capital lease	<u>10,491</u>
	<u>\$ 23,108</u>

The following is a schedule of the future minimum lease payments under the capital leases, together with the present value of the net minimum lease payments as of June 30, 2012:

<u>Year ending June 30,</u>	
2012	\$ 12,710
2013	12,710
2014	12,710
Less amount representing interest	<u>(4,531)</u>
Present value of net minimum lease payments of which \$10,491 is included in current liabilities	<u>\$ 33,599</u>

#### Note 7. Ad Valorem Taxes

For the year ended June 30, 2012, taxes of 5.19 mills were levied by the Town of Iowa on property with assessed valuations totaling \$10,995,920 and were dedicated for general corporate purposes. Taxes of 10.36 mills were levied by the Fire Protection District No. 1 of Ward 8 of Calcasieu Parish on property with assessed valuations-net of exemptions totaling \$9,952,912 and were dedicated for the purpose of providing fire protection to the District.

Total taxes levied were \$61,467 and \$99,883, respectively for the Town and the District. Taxes receivable at June 30, 2012 consisted of the following:

	<u>2012</u>
Taxes receivable current roll	\$ 971
Taxes receivable prior years	<u>1,542</u>
	2,513
Allowance for uncollectible taxes	<u>416</u>
	<u>\$ 2,097</u>

Property taxes are levied November 1 and attach as an enforceable lien on property as of April 30.

#### Note 8. Fund Balance

In accordance with Government Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Town classifies governmental fund balances as follows:

##### Non-spendable -

includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

##### Restricted -

includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained or due to constitutional provisions or enabling legislation.

##### Committed -

includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority (the Town Council) and does not lapse at year end. Formal action by the same authority is required to rescind such a commitment.

##### Assigned -

includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Mayor.

##### Unassigned -

includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Town uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the government would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Town does not have a formal minimum fund balance policy.

The purpose of each major special revenue fund and revenue source is listed below:

Major special revenue fund	Revenue source
Water improvements	80% of 1% sales tax described in Note 9 related to water improvements
Streets II	65% of 1% sales tax described in Note 9 related to street maintenance and construction
Streets III	¼% sales tax described in Note 9 related to flood control, economic development and Town Hall and park capital improvement and maintenance

Note 9. Dedication of Proceeds and Flow of Funds - 2.5% Sales and Use Tax

Proceeds of a 1% sales and use tax levied by the Town of Iowa, Louisiana approved by voters July, 2007 to expire June, 2017 (2012 collections \$527,619) is dedicated to the following purposes:

1. 80% of collections to be used for capital and other improvements of the Water Utility Fund.
2. 20% of collections to be used for improvements to the Town's streets and parks.

Proceeds of a 1% sales and use tax levied by the Town of Iowa, Louisiana approved by voters September, 2006 to expire August, 2016 (2012 collections \$527,619) are dedicated to the following purposes:

1. 65% of collections to be used for street, sidewalk, street lighting maintenance and construction, and sewerage treatment facilities maintenance and construction.
2. 35% of collections to be used for general administrative and general fund needs.

Proceeds of a 1/2% sales and use tax levied by the Town of Iowa, Louisiana approved by voters June, 2012 to expire June, 2022 (2012 collections \$263,810) are dedicated to the following purposes:

1. Flood control maintenance and flood control purposes.
2. Economic development activities.
3. Capital improvements and maintenance to the Town Hall and Town Park.

Note 10. Retirement Commitments

Municipal Police Employee's Retirement System:

Plan description:

The Town of Iowa contributes to the Municipal Police Employees' Retirement System, a cost-sharing multiple-employer plan administered by the Municipal and State Police Employee's Retirement System of Louisiana. The Municipal Police Employees' Retirement System was established as of July 1, 1973, by Act 189 of 1973 and amended by RS 33:2371 of the 1986 session to become Municipal and State Police Retirement System of Louisiana. The system is a state retirement system which was created to provide retirement benefits for full time municipal police officers in Louisiana, and state police officers hired after January 1, 1987. The System is administered by a Board of Trustees of the Retirement Committee of the House of Representatives and the Chairman of the Senate Finance Committee, or their designees, to serve as voting ex-officio members of the Board. Historical trend information for this plan is included in the separately issued report for the Municipal Police Employee's Retirement System for the period ended June 30, 2011.

Funding policy:

Plan members are required to contribute 10% of their annual covered salary and the Town of Iowa is required to contribute at a statutorily determined rate. The current rate is 26.5% of annual covered payroll. The contribution requirements of plan members and the Town of Iowa are established and may be amended by the Board of Trustees. The Town of Iowa's contributions to the Municipal Police Employees' Retirement System for the years ending June 30, 2012, 2011, and 2010 were \$22,241, \$50,207, and \$25,428, respectively, equal to the required contributions for each year.

## Municipal Employee's Retirement System

### Plan description:

The Town of Iowa contributes to the Municipal Employees' Retirement System of Louisiana, a cost-sharing multiple-employer plan administered by the Municipal Employee's Retirement System, State of Louisiana. The Municipal Employees' Retirement System of Louisiana was established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns and cities within the State, which did not have their own retirement systems and which elected to become members of the System. The System is administered by a Board of Trustees composed of nine members, six of whom shall be active and contributing members of the System with at least ten years creditable service, elected by the members of the System; one of whom shall be the president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Retirement Committee; one of whom shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana. Act #569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the Municipal Employees' Retirement System, effective on and after June 30, 1970. Effective October 1, 1978, under Act #788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan "A" combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan "B" participates in only the original plan. The Town of Iowa is a member of plan "A" of the retirement system. Historical trend information for this plan is included in the separately issued report for the Municipal Employee's Retirement System for the period ended June 30, 2012.

### Funding policy:

Plan members are required to contribute 5% of their annual covered salary and the Town of Iowa is required to contribute at a statutorily determined rate. The current rate is 8% of annual covered payroll. The contribution requirements of plan members and the Town of Iowa are established and may be amended by the Board of Trustees. The Town of Iowa's contributions to the Municipal Employees' Retirement System of Louisiana for the year ending June 30, 2012, 2011 and 2010 was \$29,682, \$23,795 and \$23,887 equal to the required contributions for the year.

Note 11. Compensation of Mayor and Members of the Town Council

Salaries paid to the Mayor and council members during the year are as follows:

Carol Ponthieux, Mayor	\$ 13,542
Gerald Guidry	2,600
Jeannie Guillotte	2,600
Larry Hardy	2,600
Errol Marshall	2,600
Thomas Talbot	2,600

The Board members of the Fire Protection District No. 1 of Ward 8 of Calcasieu Parish received no compensation during the year ended June 30, 2012.



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**OTHER SUPPLEMENTARY INFORMATION**

Nonmajor Governmental Funds

Combining Balance Sheet  
Combining Statement of  
Revenues, Expenditures, and  
Changes in Fund Balances

TOWN OF IOWA, LOUISIANA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2012

ASSETS	Special Revenues			Capital Project	Total Non-major Funds
	Parks and Streets	Police Asset Forfeitures	Fire Protection	LCDBG Sewer Project	
Cash	\$ 118,654	\$ 8,712	\$ 306,781	\$ 60	\$ 434,207
Certificate of deposit	8,054	-	162,104	-	170,158
Taxes receivable	-	-	4,577	-	4,577
Intergovernmental receivable	-	-	10,725	-	10,725
Total assets	<u>\$ 126,708</u>	<u>\$ 8,712</u>	<u>\$ 484,187</u>	<u>\$ 60</u>	<u>\$ 619,667</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Accounts payable	\$ 456	\$ -	\$ -	\$ -	\$ 456
Due to other funds	82	-	-	-	82
Other payables	-	-	1,065	-	1,065
Total liabilities	<u>538</u>	<u>-</u>	<u>1,065</u>	<u>-</u>	<u>1,603</u>
Fund balance:					
Restricted	-	-	-	-	-
Unrestricted	<u>126,170</u>	<u>8,712</u>	<u>483,122</u>	<u>60</u>	<u>618,064</u>
Total fund balances	<u>126,170</u>	<u>8,712</u>	<u>483,122</u>	<u>60</u>	<u>618,064</u>
Total liabilities and fund balances	<u>\$ 126,708</u>	<u>\$ 8,712</u>	<u>\$ 484,187</u>	<u>\$ 60</u>	<u>\$ 619,667</u>

TOWN OF IOWA, LOUISIANA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2012

	Special Revenues			Capital Project	Total
	Parks and Streets	Police Asset Forfeitures	Fire Protection	LCDBG Sewer Project	Non-major Funds
Revenues:					
Tax revenue	\$ 105,524	\$ -	\$ 97,663	\$ -	\$ 203,187
Interest earned	636	64	2,202	-	2,902
Intergovernmental	-	4,343	-	-	4,343
Grants received	4,000	-	20,059	98,056	122,115
Fire insurance	-	-	10,725	-	10,725
Miscellaneous	225	-	2	-	227
Total revenues	<u>110,385</u>	<u>4,407</u>	<u>130,651</u>	<u>98,056</u>	<u>343,499</u>
Expenditures:					
General government	-	1,261	-	23	1,284
Fire protection district	-	-	25,084	-	25,084
Culture and recreation	103,712	-	-	-	103,712
Total expenditures	<u>103,712</u>	<u>1,261</u>	<u>25,084</u>	<u>23</u>	<u>130,080</u>
Excess (deficiency) of revenues over expenditures	<u>6,673</u>	<u>3,146</u>	<u>105,567</u>	<u>98,033</u>	<u>213,419</u>
Other financing sources (uses):					
Operating transfers in	-	-	-	2,000	2,000
Operating transfers out	-	-	(97,163)	(101,056)	(198,219)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(97,163)</u>	<u>(99,056)</u>	<u>(196,219)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>6,673</u>	<u>3,146</u>	<u>8,404</u>	<u>(1,023)</u>	<u>17,200</u>
Fund balance at beginning of year	<u>119,497</u>	<u>5,566</u>	<u>474,718</u>	<u>1,083</u>	<u>600,864</u>
Fund balance at end of year	<u>\$ 126,170</u>	<u>\$ 8,712</u>	<u>\$ 483,122</u>	<u>\$ 60</u>	<u>\$ 618,064</u>

REPORT OF INDEPENDENT AUDITORS  
ON INTERNAL CONTROL  
AND COMPLIANCE

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# McELROY, QUIRK & BURCH

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Robert M. Gani, CPA, MT  
Mollie C. Broussard, CPA  
Jason L. Guillory, CPA  
Greg P. Naquin, CPA, CFP™  
Billy D. Fisher, CPA  
Joe G. Peshoff, II, CPA, CVA  
David M. DesOrmeaux, CPA

Michael N. McGee, CPA  
Paula J. Thompson, CPA  
Robin Anderson Conrad, CPA



Judson J. McCann, Jr., CPA, Retired  
Martin L. Chehotsky, CPA, CFE, CFFSM  
Carl W. Comeaux, CPA, Retired

CFE - Certified Fraud Examiner  
CFF - Certified Financial Forensics  
MT - Masters of Taxation  
CVA - Certified Valuation Analyst  
CFP - Certified Financial Planner

## REPORT OF INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor  
and Town Council  
Town of Iowa  
Iowa, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Iowa, Louisiana, as of and for the year ended June 30, 2012, which collectively comprise the Town of Iowa, Louisiana's basic financial statements and have issued our report thereon dated December 6, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

Management of Town of Iowa, Louisiana, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered city of Iowa, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Iowa, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Iowa, Louisiana's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that items 12-1 through 12-5 described above are material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Iowa, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 12-3 and 12-5.

The Town of Iowa, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Iowa, Louisiana's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the members of the Town of Iowa's management and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Ms Elroy Quirk & Burch*

Lake Charles, Louisiana  
December 6, 2012



TOWN OF IOWA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2012

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness identified?

X  Yes   No

Significant deficiency identified not  
considered to be material weakness?

Yes  X  None reported

Noncompliance material to financial statements  
noted?

X  Yes   No

(continued on next page)

TOWN OF IOWA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

(Continued)

**12-1 Segregation of Duties**

Condition: Because of the entity's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.

Criteria: Effective internal control requires adequate segregation of duties among client personnel.

Effect: Without proper segregation of duties, errors within the financial records or fraud could go undetected.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Response: The Town of Iowa concurs with this recommendation. Management has implemented supervision and review procedures to the extent possible.

**12-2 Controls over Financing Reporting**

Condition: In our judgment, the Town's accounting personnel and those charged with governance, in the course of their assigned duties, lack the capable resources to prepare the financial statements and related footnotes in accordance with generally accepted accounting principles and to detect and correct a material misstatement, if present.

Criteria: The Auditing Standards Board recently issued guidance to auditors related to entity's internal controls over financial reporting. Many small organizations rely on their auditor to generate the annual financial statements including footnotes. Auditing guidance emphasizes that the auditor cannot be part of your system of internal control over financial reporting.

Effect: Material misstatements in financial statements could go undetected.

TOWN OF IOWA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2012  
(Continued)

Recommendation: In our judgment, due to the lack of resources available to management to correct this material weakness in financial reporting, we recommend management mitigate this weakness by having a heightened awareness of all transactions being reported.

Response: We concur with this recommendation. Management has implemented supervision and review procedures to the extent possible.

**12-3 Bank Reconciliation Not Prepared in a Timely Manner**

Condition: In May, 2012, we were contacted regarding an unusual balance in the entity's monthly financial statements. Upon review of the matter, it came to our attention that at least two of the entity's bank accounts had not been reconciled in several months allowing for a deposit to be coded to the wrong bank account and go undetected for several months.

Criteria: Bank reconciliations for all material bank accounts should be prepared and reviewed within thirty days of the end of the previous month.

Effect: Failure to timely reconcile all material bank accounts on a timely basis allows for the opportunity for transactions to be miscoded or not recorded at all. This is a fundamental control to any accounting system. This also resulted in financial information presented to the Board being materially misstated.

Recommendation: We strongly recommend that all bank accounts be reconciled in a timely fashion. The completion of these reconciliations must be reviewed and monitored by management to insure their completion and accuracy.

Response: The Town has since prepared all bank reconciliations on a timely basis and review procedures will be strengthened to prevent a recurrence of this item.

**12-4 Lack of Internal Control over Internal Financial Reporting to the Town Council**

Condition: As a direct result of finding 12-3, the Town Council was provided materially misstated financial information for multiple months.

Criteria: The Town Council is ultimately responsible for the fiscal accountability of the Town. Accurate monthly reporting is essential to their ability to monitor the Town's finances.

Effect: The Council's ability to make informed financial decisions was compromised by the inaccurate information received.

Recommendation: The Town must implement adequate review procedures to insure that all bank accounts are reconciled in a timely manner. Monthly submissions should be reviewed on a monthly basis prior to submission to the Council for their reasonableness.

Response: The Town will implement the above procedures to insure more accurate reporting to the Town Council.

**12-5 Deposits in Excess of Federally Insured Amounts**

Condition: Deposits in excess of federally insured amounts were not fully collateralized at year end.

Criteria: Deposits in excess of federally insured amounts are required by Louisiana state statute to be protected by collateral of equal market value.

Effect: Without adequate collateral, the deposits are subject to deposit risk.

Recommendation: Management should ensure that all deposits in excess of federally insured amounts are collateralized.

Response: This issue was immediately corrected after year end.

TOWN OF IOWA, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS  
Year Ended June 30, 2012

**11-1 Segregation of Duties**

Condition: This finding was a material weakness relating to the entity's size and limited number of accounting personnel which made it impossible to achieve effective internal accounting control.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Current Status: The condition still exists, however, it has been mitigated by the review procedures. See Finding 12-1.

**11-2 Controls over Financial Reporting**

Condition: This finding was a material weakness relating to the inability of the entity to produce financial statements and footnotes in accordance with generally accepted accounting principles.

Recommendation: We recommend management mitigate the weakness by having a heightened awareness of all transactions being reported.

Current Status: The condition still exists but management is mitigating its effect through review procedures. See finding 12-2.

**11-3 Budget Adoption**

Condition: The Town failed to adopt a budget prior to July 1, 2010 for the fiscal year ended June 30, 2011.

Recommendation: The Town should comply with Louisiana budget law when adopting and amending its budget.

Current Status: The Town has corrected this issue and adopted the budget for subsequent fiscal years in a timely manner.

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